



Retirement Villages Association

Retirement villages in New Zealand

All you need to know

Retirement living is a popular choice for older New Zealanders

More than 49,000 Kiwis now call a retirement village home and the number is growing.

In the last 10 years alone, the number of units available has doubled from 19,400 in 2012 to 38,600 today, and there are a further 20,000 villas and apartments in design, consent or construction.

The sector is also one of the country's largest house builders, offering older New Zealanders a range of affordable accommodation options with independent living through to a continuum of care and expansive community facilities.

Comprehensive residents' protection

Code of Residents' Rights

The Retirement Villages Act 2003 includes a Code of Residents' Rights, which operators are required to follow. These include rights to services and benefits and information affecting terms and conditions of residency, consultation over proposed changes, processes around complaints procedures and dispute resolution, the right to be treated with courtesy and respect and not be exploited by the operator, staff or contractors.

The Retirement Villages Code of Practice

All registered retirement villages in New Zealand must comply with the Retirement Villages Code of Practice 2008, which sets out the minimum standards for a village's operation. These cover an extensive range of

policies and procedures. Residents' financial interests are also protected by a statutory supervisor, including in the event of a natural disaster.

Legal advice and ORAs

Before moving into a village, every new resident must receive independent legal advice and the solicitor providing that advice must certify that they have done so. The resident will then sign a contract called an Occupation Right Agreement (ORA). This is the agreement between the resident living in the village and the operator. The ORA sets out the terms and conditions of their right to live in the village.

Choosing a retirement village

Prospective residents choose to live in a retirement village for a range of reasons.

Safety and peace of mind

Retirement villages offer modern, warm, dry homes that are designed with older peoples' needs in mind and easy-reach amenities.

For many New Zealanders, their home is their major asset.

In many cases, as we get older, our home is larger than we need and we're faced with the ongoing burden of maintenance, rates, insurance and other costs.

In a retirement village, a "Licence to Occupy" agreement means you don't have the hassle of exterior maintenance, mowing the lawns or worrying about certain costs.

Social connections

Older people sometimes experience loneliness and social isolation. Retirement villages are purpose-built secure communities full of like-minded friends. Villages offer a wide range of social activities, events and entertainment.

Financial security

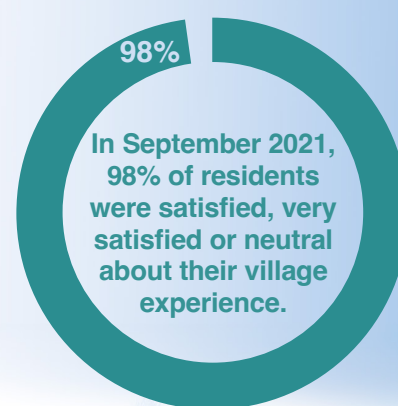
Choosing to live in a retirement village is an investment in quality of life and peace of mind.

Many residents find releasing equity from the sale of their family home boosts their savings while they also enjoy an improvement in their lifestyle.

Villages also offer certainty and security for most residents. They know how much they need to move to a village and know to the last dollar what they'll receive when they leave. Fixed weekly fees or increases limited to the rate of inflation guarantees how much they'll pay while living there.

Residents are overwhelmingly satisfied with retirement village living

Research by UMR Insight found strong satisfaction among retirement village residents.



A pathway to care

Most retirement villages provide a continuum of care for residents, from ageing in place through to hospital-level care. Village residents usually have first call on a bed in care, should it be needed.

For medical emergencies, villages typically offer call systems in their units, with many offering 24-hour monitoring services where any emergency call is attended by a person whose experience may range from first-aid certification to full nursing experience.



Village costs and pricing options

The industry is committed to providing a range of village choices for older people. Prospective residents have price options to choose from, ranging from affordable to premium. The average price of an ORA is around 70% of the average freehold home value in the area where the village is built, thereby allowing the resident to release equity in their home.

We encourage residents to choose the village that best suits them, with the range of services, benefits, and commercial terms they want.

Weekly fees

All villages charge residents an 'outgoings' or weekly fee that covers the overheads of the village. These costs include the upkeep of the village facilities and grounds, unit exterior maintenance, staffing costs, council rates, security, emergency call monitoring, insurance and many other items.

The basis of calculating the weekly fee varies from village to village and is fully explained in the ORA. Typically fees can be fixed for the entire time the resident

lives in the village, or only adjusted annually by the Consumer Price Index. The process will be explained in the village's disclosure statement or prospectus.

The ability to limit weekly fees either fully, or by CPI, takes much of the uncertainty out of financial planning for residents.



Retirement villages' contribution to New Zealand

New village villas and apartments free up family homes for a new family to enjoy. **5,500 family homes** are released back into the community each year thanks to retirement villages.

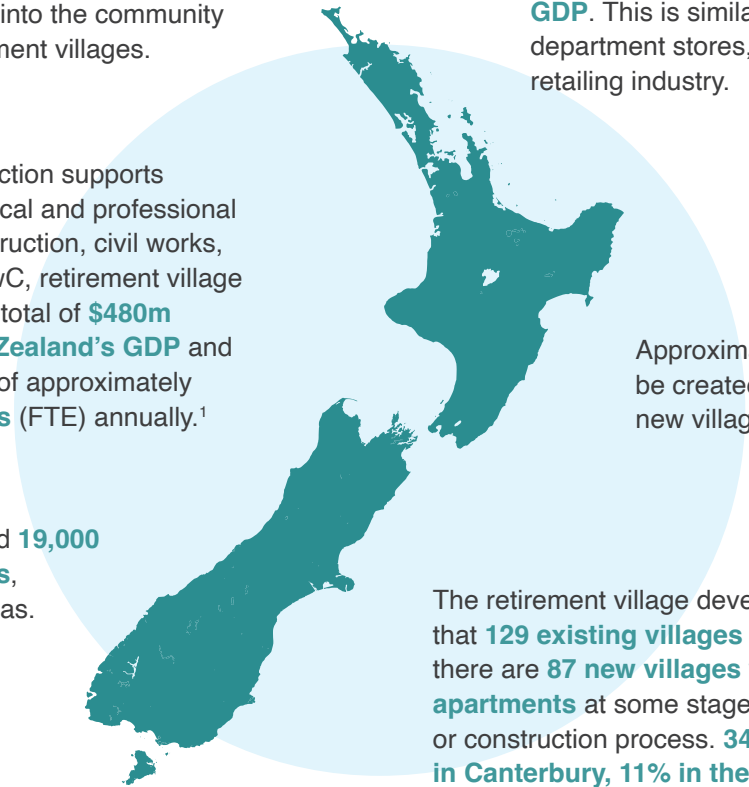
Day-to-day operations in the retirement village sector add around **\$1.1b to New Zealand's GDP**. This is similar to the value add from department stores, or the motor vehicle retailing industry.

Retirement village construction supports employment across technical and professional services, trades and construction, civil works, and retail. According to PwC, retirement village construction contributes a total of **\$480m value-add towards New Zealand's GDP** and supports the employment of approximately **5,700 full time employees (FTE)** annually.¹

The sector employs around **19,000 people across its villages**, including many in rural areas.

Approximately **9,500 new jobs** will be created from the construction of new villages over the next five years.

The retirement village development pipeline shows that **129 existing villages** are expanding and there are **87 new villages with 20,750 villas and apartments** at some stage of the design, consenting or construction process. **34% are in Auckland, 18% in Canterbury, 11% in the Waikato** and the balance are spread across New Zealand.²



¹ RV Contribution to housing, employment and GDP in NZ, PwC March 2018

² Jones Lang LaSalle NZ Retirement Villages and Aged Care White Paper, July 2022

For more information, please visit:

www.retirementlife.co.nz

www.retirementvillages.org.nz

John Collyns
Executive Director

021 952 945

john@retirementvillages.org.nz